

DRAFT MINUTES
Of the August 21, 2008
Woods Bay Working Group
held at 8:30 a.m. at the Saddlehorn Discovery Tower
in Bigfork, Montana

Present: Working Group Members Jim Frizzell, Donna Lawson, Anne Moran, George Darrow, Greg Poncin, Kevin Gownley . Also Present were Kitty Rich and Alex Strickland (Bigfork Eagle). Working Group Members absent were Paul Rana and Clarice Ryan, both of whom had scheduling conflicts relating to their work.

The meeting began with introductions. Frizzell, Lawson, Darrow, and Gownley all reviewed their respective levels of personal and business involvement and residency in the community, and Darrow reviewed his involvement as a former State legislator. Moran and Poncin detailed their local histories and employment with the DNRC. Rich indicated that she was attending because she was personally interested in the project and felt she represented a segment of the community perhaps not otherwise addressed. Strickland introduced himself as the *Bigfork Eagle* editor, attending in that capacity.

In response to a question from Darrow, Moran indicated that she would do the minutes only on a temporary basis due to more pressing work assignments and concern that it might hamper her active participation as a committee member.

Poncin then addressed roles, responsibilities, and expectations that DNRC has in such processes. Creating an advisory committee is a big commitment, and DNRC will stay committed to that process through the end. The committee's recommendation will be taken into account by Poncin in his roles as the "decision-maker" in the MEPA process that will eventually occur. Poncin will be the lead Recommender to the ultimate decision-making body, which is the Land Board. He will be available for many meetings; Moran will attend also, and they can help guide the process. Any viable recommendations will need to meet DNRC's fiduciary responsibilities as well as the community's goals. It is important to insure that the broadest spectrum of community viewpoints have a voice in this group, and that all participating will need to respect different opinions as we move through this process, and focus on what's right, not who's right.

Frizzell asked about timelines. DNRC recommends avoiding artificial timelines at this point and marking time in smaller increments—getting the job done in 12 months might not be realistic, but having a range of alternatives by that time could be; what counts to DNRC is seeing ongoing progress. Additionally, we can learn from the Whitefish Neighborhood Planning process. Frizzell suggested that the community holds DNRC accountable to get resolution to this situation, and that DNRC should in turn hold the

community's feet to the fire to get it resolved and stay on track in a timely manner; Poncin concurred.

Darrow then recounted the three public meetings on this issue held to date (one hosted by Edd Blackler and Bill Jones; two initiated by DNRC). He reviewed the legislative history of land-banking in Montana, the original language on Trust Lands, and the history of some parcels the State identified as "in lieu" lands. Discussion occurred specifically of the Woods Bay tract (the beneficiary being the Montana School of Mines) and Chancellor Gilmore's ongoing interest in seeing the parcel return revenue to the institution. Gilmore had requested the parcel be sold in 1999 but the Land Board declined; that request was separate from its consideration for land banking this year, which was not initiated by Chancellor Gilmore. Gownley outlined his discussion with Gilmore about Gilmore's concerns on the tract's productivity. Poncin said that Gilmore had been very straightforward about his expectations during the Whitefish process and reminded all present that this is the purpose of the land, and why we have to take those interests seriously. He also pointed out that DNRC is the trustee, and the beneficiaries do not get involved in the management decision-making of these properties—DNRC decides how to manage them, and the goal here is to find something that works for everyone.

Discussion turned to revenue generation on Trust Lands, and Poncin explained that there is a classification associated with each parcel of Trust Land. Most Trust Lands in this area are classified "Forest," and that is their primary use. Others are classified "Agricultural" or "Grazing" or "Other" (Real Estate uses fall into this category). One way to look at return is to analyze those classifications on a by-acre net revenue produced by such parcels. For example, if you have a forested tract—that's a commodity (i.e., we sell grass, timber, coal, and leases—those are all appropriate uses). To manage timbered land, you harvest it. You might also graze it, and/or have cabinsite leases there. The critical thing is to get full market value for those uses. An important distinction is that DNRC is not about just maximizing revenue—we are also about protecting the long-term income-generating capacity of the land in perpetuity.

Gownley asked if this parcel is capable of meeting the Trust's needs, and Poncin agreed that this particular parcel presents challenges in that it doesn't fit easily in any particular mold, which is why DNRC has wrestled with whether someone else should own it. Timber management is not a money-maker up there.

Gownley pointed out that the homeowners are still open to working out access for logging for fire safety, and Poncin reported that Steve Brady (USFS) has said verbally that the USFS would entertain a road easement from Trail 96. Access is an issue, but it is not the only issue. Long-term revenue is another consideration. This might be best met by looking at real estate mechanisms; perhaps the land could be preserved through the mechanism of a conservation easement or transfer of the development rights (to another location).

Darrow then distributed and reviewed several documents, including his editorial from the Flathead Beacon, a letter from Steve Brady, information from the USFS on the adjoining track, the Cougar Canyon map, designation of natural area (1991) and analysis, and the Swan Lake Ranger District map. Darrow pointed out the area is a key reservoir area, in terms of water quality and quantity, and suggested the rationale keeping the acreage is necessary and important as a watershed. He then reviewed the basis of the USFS natural area that was formed nearby. Discussion followed over various statutes (77-1-601 and 77-1-602 through -604, MCA) and interpretations thereof. Further discussion occurred on alternatives. Poncin concurred that a Natural Area could be a viable proposal; Darrow felt a land exchange with the USFS would be a good option.

Moran then pointed out that one of this meeting's primary purposes was to follow through on the commitment made to the community that a process would be identified to select additional local representatives as appropriate.

Frizzell stated that he agreed with Darrow's proposal to pursue USFS management of the land, and that it would be appropriate to expand the team to reflect this.

Discussion followed on various "slots" to be represented on the group. It was agreed that Rich would be in a position to represent one faction of the community perhaps not otherwise represented. Discussion followed regarding proposed involvement of representatives of the USFS (Steve Brady?) and Montana Fish, Wildlife, and Parks.

Poncin met with Steve Brady, Earl Applecamp, and Linda Smith of the USFS a month ago, and said that the group should hear this from Brady directly, but that he (Poncin) sensed that the USFS is not real excited about a land trade given the potential complications with the fact that the track record of the State/USFS trades has historically not been real productive and that NEPA costs could be excessive and have to be borne by the DNRC. If this is truly the desire of the community, then the community needs to voice it to them (the USFS).

All concurred that Poncin and Moran should contact Brady to see about whether he or another designated representative could work with the group. Additionally, Poncin pointed out that there is another option in that there is a retired Regional Supervisor from FWP living in Woods Bay (Dan Vincent). Lawson moved to contact Dan Vincent and a USFS representative to join the group. Frizzell seconded, and the motion carried unanimously.

Discussion then followed over the importance of finding a volunteer to serve as the group's secretary. Another motion was made, seconded and carried to solicit an outside secretary. Rich volunteered to contact people she knew who might have the skills and interest to assist.

Discussion continued on how land exchanges are facilitated. Poncin noted that the State's land exchange policy involves a preliminary report to the Land Board, with a second approach to the Land Board to make the final decision. There are seven criteria

that must be met for an exchange; Moran will send a web link to these criteria to the group. (The link is as follows:

<http://www.dnrc.mt.gov/trust/REMB/exchanges.asp>)

The next meeting will be from 8:30 a.m. – 10:00 a.m. on Thursday, September 18. Moran will update and email the contact list to those present, and also post the working group's contact information on the website with everyone's approval (all concurred).

Darrow moved to review of 77-1-601 through 607, MCA to consider possible applicability and utilization in dealing with the whole problem and the highest and best use concept. Rich seconded. Poncin asked if Darrow was requesting our (DNRC's?) interpretation of highest and best use, because he felt the question was nebulous and he wanted to be sure we are clear on what we are responding on. He said he was sure that the State's interpretation of highest and best use for that property would come back not as timber and would likely be residential.

Frizzell asked Poncin if the community wanted the State to designate the property as a Natural Area, what would that involve? Poncin responded that there would be more work this group could do; the State still needs to be compensated (example: Owen Sauerwine Natural Area, which is secured with a lease). Lawson moved to table the motion and see what else is involved.

Lawson moved to adjourn at 10:50 a.m.